

HOUSE BILL NO. 192

INTRODUCED BY D. WANZENRIED

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A BILL FOR AN ACT ENTITLED: "AN ACT EXTENDING UNIVERSAL SYSTEM BENEFITS CHARGE RATES FOR LOW-INCOME UNIVERSAL SYSTEM BENEFITS PROGRAMS; PROVIDING A REVISED CHARGE RATE BEGINNING JULY 1, 2003; AMENDING SECTION 69-8-402, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 69-8-402, MCA, is amended to read:

"69-8-402. Universal system benefits programs. (1) Universal system benefits programs are established for the state of Montana to ensure continued funding of and new expenditures for energy conservation, renewable resource projects and applications, and low-income energy assistance during the transition period and into the future.

(2) Beginning January 1, 1999, 2.4% of each utility's annual retail sales revenue in Montana for the calendar year ending December 31, 1995, is established as the initial funding level for universal system benefits programs. To collect this amount of funds on an annualized basis in 1999, the commission shall establish rates for utilities subject to its jurisdiction and the governing boards of cooperatives shall establish rates for the cooperatives. Except as provided in ~~subsection~~ subsections (5) and (7), these universal system benefits charge rates must remain in effect until July 1, 2003.

(a) The recovery of all universal system benefits programs costs imposed pursuant to this section is authorized through the imposition of a universal system benefits charge assessed at the meter for each local utility system customer as provided in this section.

(b) Utilities must receive credit toward annual funding requirements for a utility's internal programs or activities that qualify as universal system benefits programs, including those amortized or nonamortized portions of expenditures for the purchase of power that are for the acquisition or support of renewable energy, conservation-related activities, or low-income energy assistance, and for large customers' programs or activities as provided in subsection (7). The department of revenue shall review claimed credits of the utilities and large customers pursuant to 69-8-414.

1 (c) A utility's distribution services provider at which the sale of power for final end use occurs is the utility
2 that receives credit for the universal system benefits programs expenditure.

3 (d) A customer's distribution services provider shall collect universal system benefits funds less any
4 allowable credits.

5 (e) For a utility to receive credit for low-income related expenditures, the activity must have taken place
6 in Montana.

7 (f) If a utility's or a large customer's credit for internal activities does not satisfy the annual funding
8 provisions of subsection (2), then the utility shall make a payment to the universal system benefits fund
9 established in 69-8-412 for any difference.

10 (3) Cooperative utilities may collectively pool their statewide credits to satisfy their annual funding
11 requirements for universal system benefits programs and low-income energy assistance.

12 (4) A utility's transition plan must describe how the utility proposes to provide for universal system
13 benefits programs, including the methodologies, such as cost-effectiveness and need determination, used to
14 measure the utility's level of contribution to each program.

15 (5) A (a) (i) Until July 1, 2003, a utility's minimum annual funding requirement for low-income energy
16 and weatherization assistance is established at 17% of the utility's annual universal system benefits funding level
17 and is inclusive within the overall universal system benefits funding level.

18 (ii) On and after July 1, 2003, 0.41% of each utility's annual retail sales revenue in Montana for the
19 previous calendar year is established as the utility's annual requirement for continued funding for low-income
20 energy and weatherization assistance.

21 ~~(a)(b)~~ A utility must receive credit toward the utility's low-income energy assistance annual funding
22 requirement for the utility's internal low-income energy assistance programs or activities.

23 ~~(b)(c)~~ If a utility's credit for internal activities does not satisfy its annual funding requirement, then the
24 utility shall make a payment for any difference to the universal low-income energy assistance fund established
25 in 69-8-412.

26 (6) An individual customer may not bear a disproportionate share of the local utility's funding
27 requirements, and a sliding scale must be implemented to provide a more equitable distribution of program
28 costs.

29 (7) (a) A large customer:

30 (i) shall pay a universal system benefits programs charge with respect to the large customer's qualifying

1 load equal to the lesser of:

2 (A) \$500,000, less the large customer credits provided for in this subsection (7); or

3 (B) the product of 0.9 mills per kilowatt hour multiplied by the large customer's total kilowatt hour
4 purchases, less large customer credits with respect to that qualifying load provided for in this subsection (7);

5 (ii) must receive credit toward that large customer's universal system benefits charge for internal
6 expenditures and activities that qualify as a universal system benefits programs expenditure, and these internal
7 expenditures must include but not be limited to:

8 (A) expenditures that result in a reduction in the consumption of electrical energy in the large customer's
9 facility; and

10 (B) those amortized or nonamortized portions of expenditures for the purchase of power at retail or
11 wholesale that are for the acquisition or support of renewable energy or conservation-related activities.

12 (b) Large customers making these expenditures must receive a credit against the large customer's
13 universal system benefits charge, except that any of those amounts expended in a calendar year that exceed
14 that large customer's universal system benefits charge for the calendar year must be used as a credit against
15 those charges in future years until the total amount of those expenditures has been credited against that large
16 customer's universal system benefits charges.

17 (8) A public utility shall prepare and submit an annual summary report of the public utility's activities
18 relating to all universal system benefits programs to the commission, the department of revenue, and the
19 transition advisory committee provided for in 69-8-501. A cooperative utility shall prepare and submit annual
20 summary reports of activities to the cooperative utility's respective local governing body, the statewide
21 cooperative utility office, and the transition advisory committee. The statewide cooperative utility office shall
22 prepare and submit an annual summary report of the activities of individual cooperative utilities, including a
23 summary of the pooling of statewide credits, as provided in subsection (3), to the department of revenue and
24 to the transition advisory committee. The annual report of a public utility or of the statewide cooperative utility
25 office must include but is not limited to:

26 (a) the types of internal utility and customer programs being used to satisfy the provisions of this
27 chapter;

28 (b) the level of funding for those programs relative to the annual funding requirements prescribed in
29 subsection (2); and

30 (c) any payments made to the statewide funds in the event that internal funding was below the

1 prescribed annual funding requirements.

2 (9) A utility or large customer filing for a credit shall develop and maintain appropriate documentation
3 to support the utility's or the large customer's claim for the credit.

4 (10) (a) A large customer claiming credits for a calendar year shall submit an annual summary report
5 of its universal system benefits programs activities and expenditures to the department of revenue and to the
6 large customer's utility. The annual report of a large customer must identify each qualifying project or expenditure
7 for which it has claimed a credit and the amount of the credit. Prior approval by the department of revenue or
8 the utility is not required, except as provided in subsection (10)(b).

9 (b) If a large customer claims a credit that the department of revenue disallows in whole or in part, the
10 large customer is financially responsible for the disallowance. A large customer and the large customer's utility
11 may mutually agree that credits claimed by the large customer be first approved by the utility. If the utility
12 approves the large customer credit, the utility may be financially responsible for any subsequent disallowance."

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14 NEW SECTION. **Section 2. Effective date.** [This act] is effective on passage and approval.

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